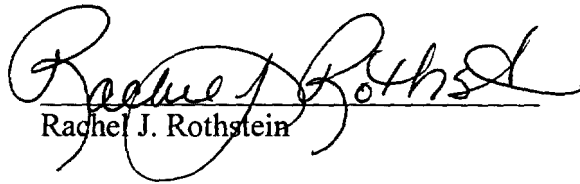


A

Affidavit of Rachel J. Rothstein

1. I am Vice President of Regulatory and Government Affairs for Cable & Wireless USA, Inc. ("C&WUSA"). I have been employed by C&WUSA since 1995. My responsibilities have included representing C&WUSA in discussions with MCI that led up to MCI's September 14, 1998 divestiture of its Internet business to C&WUSA.

2. I have read the foregoing "Comments of Cable & Wireless USA, Inc." on the merger of MCI Worldcom and Sprint, and I attest that the information contained in Section IV regarding the divestiture of MCI's Internet business to C&WUSA is true and correct to the best of my knowledge and belief.


Rachel J. Rothstein

Date: February 17, 2000

B

Revised Affidavit of Elizabeth Barberia

1. I am Director of Sales Support Operations for Cable & Wireless, Inc. and have held this position since June of 1998. Until February 1, 1999 my responsibilities included participation in the transition of MCI's former Internet business to Cable & Wireless; setting up the sales organization for Cable & Wireless' new Internet dedicated access business other than IDC and ISP business (hereafter "dedicated access"), web-hosting and firewall business; and development of strategy, deployment and implementation with the head of sales to ensure that appropriate direction and methodologies exist to operate all sales business units both with field sales personnel and at company headquarters. Until February 1 my duties also included managing and directing Cable & Wireless' efforts involving the integration of Internet and other products, compensation programs and sales processes into the sales environment; and directing the budget process for the sales organization. During this period I was also the principal liaison of Cable & Wireless' Internet dedicated access sales force to all other departments within Cable & Wireless and therefore was the internal voice for the sales force as well as internal organizations of Cable & Wireless. Since February 1 my focus changed to handling enhanced sales for the former iMCI Internet web-hosting business as well as Cable & Wireless' pre-existing Surecom fax broadcast business. I have personal knowledge of the matters set forth in this Affidavit.

2. Upon the closing of MCI's sale of its Internet business to Cable & Wireless on September 14, 1998, I became responsible for direct sales support to the new organization that Cable & Wireless had established to handle the new Internet business. From this position I became the main point of escalation for sales issues raised by Cable & Wireless' sales force with respect to its new business and new customers. I also became responsible for assigning former iMCI Internet customers to our salespeople and working with other departments to provide the

sales force with the documents and information about MCI's former Internet contracts and customers so that the sales force could do its job.

3. MCI materially failed to provide meaningful customer lists and historical data for its Internet customers, transfer its Internet contracts, and transfer all necessary employees to support the iMCI business that was to be transferred to Cable & Wireless:

4. Meaningful Customer Lists and Historical Data for All Customers. MCI failed to identify the primary Internet business decisionmaker, *i.e.* the real customer, for virtually *any* of its dedicated access customers. When Cable & Wireless noted to MCI that MCI's list of billing contacts (almost always accounts payable personnel) did not identify the customer's Internet business decisionmaker, MCI declined to provide this information and asserted that Cable & Wireless could piece it together from various unspecified locations, documents and databases that MCI had purportedly transferred to Cable & Wireless. Cable & Wireless attempted to do so and quickly learned that MCI's assertion was erroneous: MCI had not provided this information to Cable & Wireless.

5. Cable & Wireless was thus forced to wade through telephone books as well as incomplete and inaccurate billing contact information in a time consuming and costly effort to identify the individuals who were the real customers of MCI's former Internet business. As a result, Cable & Wireless was unable to identify and contact MCI's former Internet customers on a timely basis; customers' first impression of Cable & Wireless was therefore one of poor or nonexistent service. Unhappy customers, lost business, and harm to Cable & Wireless' reputation were the result.

6. MCI also withheld complete and accurate revenue and other historical data for its Internet customers, including identification of the primary location of many of its Internet customers and information as to who its strategic customers were. For example, MCI withheld from Cable & Wireless basic information that MCI had to have had and that was necessary for Cable & Wireless to identify certain strategic customers.

7. MCI also failed to provide any identification whatsoever as to some of its Internet business customers. Cable & Wireless was only able to discover that they were customers when they called to complain about lack of attention and service.

8. MCI also failed to provide complete and accurate billing information to Cable & Wireless. Billing information for customers was frequently missing or wrong. A significant number of the customer "billing contacts" provided by MCI were not customers at all but were MCI sales representatives or other MCI offices or employees. As a result, Cable & Wireless could not know whom or where to send the bill for these customers.

9. MCI also did not provide complete and necessary information as to quite a few customers who were in the process of having new or additional circuits installed at the time of the closing. MCI also began billing at least some of these customers' accounts for such new or additional service, in the name of Cable & Wireless, before the service was installed and without telling Cable & Wireless of the billing as well as the pending installations. As a result, these customers' circuits were not installed--often at high cost to the customer who had been counting on the installation--and their first contact with Cable & Wireless was to complain for failing to provide service if not billing for it as well.

10. Failure to Provide Customer Contracts. I have inquired of our contracts personnel and am not aware of MCI providing Cable & Wireless with *any* original contract for Internet service. MCI also did not provide any copy of any portion of Internet contracts for a substantial percentage of our Internet business customers, and did not provide copies of key portions of many of the remaining Internet business contracts. On the hundred (100) or so occasions when I personally inquired of our contracts personnel for a copy of a customer's Internet contract, I was always informed that MCI provided no contract or at best an incomplete Internet contract. As a result, Cable & Wireless does not know whether a customer has a contract in effect, when the contract expires or is up for renewal, what the rates and terms with the customer are, how to respond when the customer asks questions or make statements regarding the rates and terms of

its Internet business with Cable & Wireless, and how to prioritize and time the targeting of negotiations with customers to maintain and hopefully build their business.

11. In sum, the incompleteness and inaccuracy of the customer information and contracts provided by MCI to Cable & Wireless was not isolated but massive. Based on this and the lack of sufficient personnel (addressed below), until the focus of my business changed on February 1, I received upwards of 100 e-mails plus numerous telephone calls per day from Cable & Wireless employees having to deal with unhappy if not irate customers (as well as some of the customers themselves).

12. Sales Personnel. MCI withheld from Cable & Wireless a substantial number of sales-related personnel necessary to support the Internet business. MCI should have transferred 283 dedicated access sales-related personnel (*i.e.* sales management, sales representatives, technical support persons and administrative support), but only 40 sales personnel transferred. See Revised Exhibit A to my affidavit, which sets forth a tabulation of the dedicated access sales personnel who in fact were transferred from MCI at the closing, and the additional sales personnel needed in this area from MCI but not received. The methodology by which Revised Exhibit A was developed is attached to this exhibit.

13. MCI provided no executive sales management. Of the sales personnel Cable & Wireless received, they were mostly first level, district sales representatives. As for management, Cable & Wireless received mainly first-level district sales managers (3) and only one at a regional manager level. Cable & Wireless received no vice president or regional vice president in the sales area.

14. MCI provided virtually no sales representatives who had any relationship or experience whatsoever with any of MCI's Internet customers or prospects. The bulk of those who were provided to Cable & Wireless had been assigned to MCI's lower end accounts before the closing and did not have enough experience to handle and serve MCI's strategic Internet customers. Not only did Cable & Wireless not receive necessary salespeople, but also not enough dedicated customer service representatives; as a result, there was no significant customer

contact resource with a prior relationship to MCI's former Internet customers. The sales personnel whom MCI did not provide also left key areas such as New York extremely understaffed (as well as some geographic areas completely uncovered). The geographic distribution of personnel provided by MCI was at odds with the geographic distribution of MCI's Internet customer base. See Revised Exhibit A.

15. Except for two low-level "virtual" technicians who provided pre-sales technical support and seven sales consultants who were basically order processors, MCI provided no senior technical sales support for Cable & Wireless.


16. After the purchase, Cable & Wireless' sales personnel became responsible for fielding and resolving a multitude of complaints and questions from MCI's Internet customers as well acquainting themselves and developing relationships and new business with these customers. As a result of MCI not providing necessary customer information, contracts and personnel, however, Cable & Wireless' salespeople have been unable to serve existing customers satisfactorily, much less develop new business and new customers as they would if MCI had provided the resources for them to do so. The effects of this include lost business with existing customers and lost opportunities to develop a pipeline of new business.

17. Indeed, for a company that prided itself and relied on its reputation for being customer-oriented, Cable & Wireless could not live up to and thus suffered harm to its reputation because it was not provided with the necessary resources by MCI.

I declare under penalty of perjury that the foregoing is true and correct. Executed on April 8, 1999.


Elizabeth Barberia

Subscribed and sworn before me this
8th day of April, 1999:


Notary Public

My Commission Expires August 31, 2000

• **Disinfectant**

MSA Locations

MSA Locations	SME	Large	Natl	Grand Total Accis
	Total # of accis	Total # of accis	Total # of accis	
Atlanta, GA	72	36	25	133
Baltimore, MD	23	13	6	42
Bergen Passaic, NJ	59	20	19	99
Boston, MA NH	54	23	13	89
Buffalo-Niagara Falls, NY	16	7	4	27
Charlotte-Gastonia, NC-SC	30	11	9	49
Chicago, IL	147	60	37	245
Cincinnati, OH-KY-IN	31	15	9	55
Cleveland-Loran-Elyria, OH	54	16	14	83
Columbus, OH	1	3	2	6
Dallas, TX	73	29	19	121
Denver, CO	41	16	11	68
Detroit, MI	33	15	11	59
Fort Lauderdale, FL	40	11	11	63
Fort Worth-Arlington, TX	2	6	2	9
Greensboro-Winston-Salem, NC	15	5	3	23
Hartford, CT	13	5	5	23
Houston, TX	52	21	12	85
Indianapolis, IN	43	16	9	68
Kansas City, MO-KS	33	12	8	53
Los Angeles-Long Beach, CA	66	28	18	112
Memphis, TN-AR-MS	17	8	5	30
Miami, FL	50	17	13	80
Middlesex-Somerset-Hunterdon, NJ	1	3	3	8
Minneapolis-St Paul, MN-WI	2	5	5	11
Minneapolis-St Paul, MN-WI	53	18	14	85
Nassau-Suffolk, NY	0	0	1	2
New Orleans, LA	3	2	1	6
New York, NY	166	57	42	265
Newark, NJ	2	6	4	11
Norfolk-VA Beach-Newport News	32	10	8	49
Oakland, CA	2	8	2	11
Orange County, CA	72	20	15	106
Orlando, FL	23	7	5	34
Philadelphia, PA-NJ	54	22	15	91
Phoenix-Mesa, AZ	19	4	4	27
Pittsburgh, PA	32	9	9	49
Portland-Vancouver, OR-WA	17	8	4	28
Providence-Fall River, RI-MA	1	4	1	6
Riverside-San Bernardino, CA	1	1	4	6
Rochester, NY	24	12	8	44
Sacramento, CA	7	5	4	15
Salt Lake City-Ogden, UT	13	5	5	23
San Antonio, TX	1	4	1	6
San Diego, CA	1	5	1	8
San Francisco, CA	52	20	13	85
San Jose, CA	33	12	10	55
Seattle-Bellevue-Everett, WA	22	8	8	38
St Louis, MO-IL	13	9	7	28
Tampa-St Petersburg-Clearwater, FL	42	19	12	72
Washington, DC-MD-VA-WV	108	37	26	171
Total for all Cities	1,757	714	491	2,961
Other Locations	994	195	73	1,263
	2,751	909	564	4,224

Personnel Transferred	TOTAL
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ADM	GAM	NAM	SC	TC	Mgr	RSM	
1	0	0	0	0	0	0	1
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
1	0	0	0	0	0	0	1
1	1	0	0	0	0	0	2
0	0	0	0	0	0	0	0
1	0	1	1	0	0	0	3
0	0	0	0	0	0	0	0
1	0	0	0	0	0	0	1
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
1	0	1	0	0	1	0	3
0	0	0	0	1	0	0	1
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
1	0	1	0	0	0	0	2
1	0	0	0	0	0	0	1
1	0	1	0	0	0	0	2
0	0	0	0	0	0	0	0
1	0	0	1	0	0	0	2
0	0	0	0	0	0	0	0
0	1	0	0	0	0	0	1
0	0	0	1	0	0	0	1
1	0	1	0	0	0	0	2
0	0	1	1	0	0	0	2
0	0	0	0	0	0	0	0
1	0	0	1	0	0	0	2
0	0	0	0	0	0	0	0
0	0	1	0	0	0	0	1
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
1	0	0	0	0	0	0	1
1	0	0	0	0	0	0	1
0	0	0	0	0	0	0	0
0	0	1	0	0	0	0	1
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
1	0	0	0	0	0	0	1
0	0	0	0	0	0	0	0
0	0	0	0	0	0	1	1
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	0	1	0	0	1	0	2
0	0	0	1	0	0	0	1
0	0	1	0	0	0	0	1
0	0	0	1	0	0	0	1
0	0	0	1	0	0	0	1
0	0	0	0	1	0	0	0
0	0	0	0	1	1	0	2
15	2	10	7	2	3	1	40

TOTAL REQUIRED FIELD POSITIONS

Accts Per Rep			Rep to Position			Mgr:RSM			
10.1	13.1	7.1	4.1	7.1	6.1	1 per mgr	TOTAL		
HeadCount									
ADM	GAM	NAM	Mgr	TC	SC	RSM	Admin	TOTAL	Deficiency
4		2	1	1	1	0	1	10	9
1		0	0	1	0	0	0	2	2
3		2	0	1	0	0	0	6	6
3		1	1	1	1	0	1	6	6
1		0	0	0	0	0	0	1	1
1		1	1	1	1	0	1	6	5
7		3	1	3	1	1	1	17	15
2		1	1	1	1	0	1	7	7
2		1	0	1	0	0	0	4	1
0		0	0	0	0	0	0	0	0
3		2	1	2	1	0	1	10	9
2		1	0	1	0	0	0	4	4
2		1	0	1	0	0	0	4	4
2		1	0	0	0	0	0	3	3
0		0	0	0	0	0	0	0	0
1		0	0	0	0	0	0	1	1
1		0	0	0	0	0	0	1	1
2		1	1	1	1	0	1	7	5
2		1	0	1	0	0	0	4	3
2		1	0	0	0	0	0	3	1
3		1	1	1	1	0	1	6	6
1		0	0	0	0	0	0	1	1
2		1	1	1	1	1	1	6	6
0		0	0	0	0	0	0	0	0
0		0	0	0	0	0	0	0	0
2		1	1	1	1	0	1	7	5
0		0	0	0	0	0	0	0	0
0		0	0	0	0	0	0	0	0
7		4	2	3	2	1	2	21	19
0		0	1	0	1	0	1	3	3
1		1	0	1	0	0	0	3	2
0		0	0	0	0	0	0	0	0
3		1	1	1	1	0	1	6	6
1		0	0	0	0	0	0	1	1
1		1	0	0	0	0	0	2	1
1		0	0	0	0	0	0	1	1
0		0	0	0	0	0	0	0	0
0		0	0	0	0	0	0	0	0
1		1	0	1	0	0	0	3	2
0		0	0	0	0	0	0	0	0
1		0	0	0	0	0	0	1	0
0		0	0	0	0	0	0	0	0
0		0	0	0	0	0	0	0	0
2		1	1	2	1	1	1	9	7
1		1	0	0	0	0	0	2	1
1		1	1	0	1	0	1	5	4
1		1	0	0	0	0	0	2	1
2		1	0	1	0	0	0	4	4
5		2	1	2	1	0	1	12	11
81		38	18	32	18	4	18	209	169
42		6	6	10	6	0	6	74	74
120		44	24	42	24	4	24	781	741

**Methodology By Which
Revised Exhibit A Was Developed**

Revised Exhibit A is a comparison of A) the number and classification of MCI dedicated access (i.e., non-ISP, non-IDC) sales personnel (i.e., sales management, sales representatives, technical support persons and administrative support) necessary to operate MCI's Internet business, to B) the number and classification of who in fact transferred to Cable & Wireless in connection with MCI's sale of its Internet business.

A) The number and classification of such personnel who were necessary to operate MCI's Internet business were estimated on the basis of the number of dedicated access accounts, the geographic location of these accounts, the relative size of the customer, and the number of sales personnel necessary to service these accounts.

i) Accounts were categorized where known according to the top 51 Metropolitan Serving Areas (MSAs) (based on data from Dun & Bradstreet "Marketplace"). Within the relevant location, the customer was then categorized by customer segment as follows:

- a) SOHO/SME: Customers with revenues between \$2.5 M and \$100 M
- b) Large: Customers with revenues between \$100 M and \$1 B
- c) National: Customers with revenues greater than \$1 B

Accounts for which significant location or customer segment information was unknown were allocated to locations based on the proportionate number of accounts per known location, and allocated to a customer segment within each location based on a weighted average of customer segmentation information provided by MCI.

ii) The number and classification of personnel necessary to service accounts in each location were then estimated for the following MCI sales representative titles and other sales-related positions according to the following ratios:

a) MCI Sales Rep Titles:

ADM (account development manager): a lower level sales rep able to handle SOHO/SME and lower end Large Accounts—30 accounts each.

NAM (national account manager): a more experienced sales rep able to handle National accounts (GAMs (global account managers) were consolidated with NAMs due to Cable and Wireless' consolidation of these two customer segments)—13 accounts each.

b) TSC (technical sales consultant): upper level field support personnel—1 for every 4 sales reps.

c) SC (sales consultant): lower level technical support for order tracking and assistance in installs—1 for every 7 sales reps.

d) Mgr (lowest level manager)—1 for every 7 sales reps.

e) RSM (regional sales manager)—1 for every 6 lowest level managers.

f) Administrative support: a must on every sales team—estimated on the basis of one per lowest level manager.

B) The number and classification of such MCI personnel who in fact transferred to Cable & Wireless are the actual number (40) and their actual MCI classifications as of the Closing (ADM, GAM, NAM, TC, SC, Mgr, and RSM).



AFFIDAVIT OF SUSAN BRAY

1. I am the Area Sales Manager for Large Account Organizations for Cable & Wireless USA, Inc. ("Cable & Wireless"). I am based in Arlington, Virginia and my territory includes Washington, D.C., Maryland and Virginia. I have been employed by Cable & Wireless since September 14, 1998. Before joining Cable & Wireless in connection with the sale of the iMCI business, I worked for MCI Telecommunications Corporation ("MCI") as a Senior Sales Manager for National Accounts, with responsibility for national accounts in the Washington D.C. metropolitan area. I have personal knowledge of the matters set forth in this affidavit.

2. MCI failed to provide critical Internet customer information to Cable & Wireless. For many customers, MCI did not provide essential customer information, such as the name of the customer, name of the decision-maker or other key customer contact, customer's address, telephone number, revenue and billing information, customer support records, sales representatives' records, promotions and prospect information, and accounts receivable and payment history. MCI did not identify the primary locations of its customers or provide information necessary for Cable & Wireless to identify MCI's strategic Internet customers. In addition, we did not receive circuit ID's for many of the customers, leaving us unable to identify the customer and the services provided.

3. The only customer information received from MCI for the customers in my region were forms supposedly containing customer names, account numbers, contacts, telephone numbers and circuit ID's. This information provided by MCI was generally inaccurate and incomplete. For example, in many cases, the contact name and telephone number provided by MCI was not that of a customer, but rather of an MCI sales representative or office. When I contacted the MCI employees listed on the customer profiles, often the employees refused to provide any information about the customers, stating that they were instructed not to give out any information to Cable & Wireless. Telephone numbers and company names were also inaccurate. Because of the inaccurate and incomplete information provided by MCI, my sales representatives and I had to use directory assistance and the Internet in an effort to identify the customer and the appropriate

contacts. All of the time spent trying to piece together customer information was time that we could have been spending servicing customers and selling new accounts.

4. With regard to some of its Internet customers, MCI failed to identify them altogether or to provide any information regarding such customers to Cable & Wireless. Because we did not know that these customers even existed, we were unable to contact them after the sale of iMCI business or to service their accounts. I became aware of these customers only when the customers complained to me, my sales representatives or the customer care center about the lack of attention and service from Cable & Wireless. Such unknown customers are still calling more than six months after the sale. For some of them, because we did not know they existed and did not have any of their contract documentation, we did not know that their contracts would expire soon and therefore could not contact them or sell to them prior to the expiration. When we finally were able to locate and contact customers, many of them stated that their MCI account representative had not contacted them in the months preceding the sale of the Internet business. Some of these customers told me that they had never received any announcement of the sale of the iMCI business and had never been notified that their accounts were being transferred to Cable & Wireless. In addition, some of the customers transferred by MCI had actually disconnected or requested disconnection prior to the sale, sometimes more than three months before the sale. For example, one of the customers listed by MCI was the Washington Post for web-hosting, constituting approximately \$50,000 in revenue per month. The Washington Post, however, had disconnected in July 1998.

5. MCI failed to provide basic contract documentation for almost all of the customers within my region. The contract documentation that MCI did provide for customers in my region is incomplete. For example, the contracts are missing amendments, addenda or separate circuit contracts. When I contacted MCI to request contracts, MCI employees told me that they had given all of the contracts to Cable & Wireless and refused to send me any contracts. Without complete contract documents, we have been unable to ascertain critical information, such as whether a customer has a contract in effect, the rates and terms of the contract, when the contract expires or is up for renewal, and the number of circuits provided to the customer. The lack of access to

customer contracts and the critical information contained in such contracts has hindered our ability to service our customers and build the business.

6. The erroneous and incomplete customer information provided by MCI has caused Cable & Wireless to lose customers and has injured Cable & Wireless's reputation with its customer base. Because of the lack of information and contract documentation, it has been a professional as well as personal embarrassment to be unable to provide the customers the answers they needed in order and in time to make their business decisions.

7. MCI also failed to transfer to Cable & Wireless sufficient sales personnel to conduct the Internet business at the level prior to the sale. By failing to transfer adequate sales personnel, MCI left Cable & Wireless without the ability to provide basic services that its dedicated Internet access customers require or to secure new business. Sales personnel, including sales management, sales representatives, technical support consultants and administrative support, play a critical role in the dedicated Internet access business. Sales and sales support employees provide the first (and usually the only) point of contact for dedicated Internet access customers to resolve the numerous issues that arise daily with regard to their Internet service. Customers call their sales and sales support representatives for all of the basic services that customers demand from their Internet provider, for example, resolution of billing issues, troubleshooting, circuit upgrades and account changes. Inability to perform these functions on a timely basis has resulted in customer dissatisfaction, and, ultimately, loss of business.

8. Sales and sales support representatives are also responsible for identifying and pursuing opportunities for new sales, both with existing customers and with new customers. Familiarity and experience with each customer's unique business and Internet requirements enhances the sales force's ability to provide service and to sell additional Internet capacity.

9. MCI's sales managers were responsible for, among other things, contacting and developing relationships with substantial Internet customers; managing and motivating Internet sales activities; and, prospecting for new Internet business. Prior to the sale of the iMCI business, MCI had at least one sales manager for every eight sales representatives. MCI provided only three sales managers to Cable & Wireless. Three sales managers is insufficient to support the entire

Internet business. There were insufficient sales managers to train inexperienced sales representatives, and the three managers transferred to Cable & Wireless by MCI were inundated with basic Internet questions from transferring MCI personnel. As a result, the sales managers, including myself, were unable to give substantial customers the attention they demand or to direct sales activities, much less develop new business.

10. MCI did not transfer any sales representatives for the Baltimore, Maryland, Washington DC and Delaware area. There were at least 300 business accounts in this area. MCI transferred only one sales representative for the Washington, DC/Maryland/Virginia territory. That one sales representative was located in Roanoke, Virginia, a small city in southwestern Virginia, which is several hours' drive from Washington, DC and Baltimore.

11. MCI failed to transfer all employees necessary to support the Internet business that was to be transferred to Cable & Wireless. I was the only national account sales manager in the whole country transferred to Cable & Wireless in connection with the sale. I was told by my branch manager, Lynn Agnes, that Cable & Wireless had chosen me to be transferred with the sale. When I asked what information Cable & Wireless had received regarding me or my branch from which such a decision could be made, Ms. Agnes responded that she would not tell me. Before joining Cable & Wireless, my team did not sell much Internet service. In fact, only 6 of the accounts that transferred to Cable & Wireless were sold by the sales representatives on my team.

12. Immediately after the sale, I became responsible for one-third of the United States, from New York to North Carolina and out through parts of the Midwest and parts of the Southeast. A minimum of 35 sales representatives was necessary to service the accounts in that territory. As a general rule of thumb, a National Account Manager ("NAM") handled 10-15 accounts and a key account representative handled up to 25-30. Yet we received no more than 13 sales representatives for that territory from MCI. This is nowhere near the number of sales representatives necessary to run the business. The lack of essential sales personnel has hindered our ability to establish sound relationships with our customers.

13. Cable & Wireless did not receive enough sales support personnel to run the Internet business. Prior to the sale of iMCI business, MCI had pre-sale technical consultants ("TC's"), who

worked on network design with the customer, and post-sale technical consultants, who handled implementation of the network and troubleshooting for the customers. MCI transferred only two pre-sale technical consultants for the entire country and no post-sale technical consultants. Prior to the sale, in my branch alone, we had four pre-sale and four post-sale technical consultants and one technical consultant manager. Prior to the sale, MCI had service managers each of whom had at least five direct reports who handled billing issues, customer service and on-site customer support. MCI transferred only one service manager and one service representative for the entire country in connection with the sale of the iMCI business. Prior to the sale, in my branch alone, we had two service managers and two service teams supporting the sales personnel. Prior to the sale, MCI had sales consultants, who handled order tracking and implementation. In connection with the sale, MCI transferred only one sales consultant for the entire country. I had had three sales consultants in my branch prior to the sale.

14. Prior to the sale of the iMCI business, there was a business unit called the Data Overlay Group, which handled sales, data and technical assistance for the Internet business. In my branch, one data overlay person was assigned to each NAM team. This person was the one who was taken out on sales calls to be the subject matter expert and made the presentations to the customer or prospect. They were an integral part of the National Account sales teams. Not one of these employees was transferred to Cable & Wireless.

15. Since the sale of the iMCI business to Cable & Wireless, MCI has been providing billing services for Cable & Wireless's dedicated access customers. MCI has not provided adequate billing services to Cable & Wireless, resulting in customer dissatisfaction and cancellations. Because we did not receive customer contracts, we had no way of knowing the rates or discounts that a customer should be charged. Therefore, when customers called us stating that they had not received the proper discount, we had to take their word for it and issue credits since we had no way of verifying the information. In addition, some customers have never received a bill since the sale. For example, Network 2, which utilizes about \$200,000 in services per month, and RoadRunner, which utilizes more than \$300,000 in services per month, was not sent a bill until several months after the closing. Network 2 still has not paid, and owes \$1.6 million. We just

(June 21st) resolved issues that were associated with this account since Cable & Wireless still had no copy of the contract. Some customers, such as IBM, and Navy Federal Credit Union (NFCU), have continued to pay MCI rather than Cable & Wireless after the sale because these customers have not received a bill from Cable & Wireless since the sale. The billing problems have been heightened by the fact that MCI transferred only one billing specialist in the northeastern part of the U.S. in connection with the sale because there are many more billing issues than can be handled by one employee.

16. MCI's Internet business required more sales support per dollar of revenue than MCI's non-Internet business. MCI's non-Internet business consisted largely of MCI's voice business. Most customers understood it, it worked well, and required less pre- and post-sale technical and other support than MCI's Internet business. In contrast, MCI's Internet service was more complicated, harder to understand and explain to customers, and required larger numbers and more time of technical consultants and other sales personnel to create customized sales proposals fitting the special needs and systems of customers, to take, enter and fulfill orders, and to provide day to day account management and service.

17. MCI could have objectively, fairly and readily identified the sales representatives who were necessary to support MCI's Internet business by identifying the sales representatives who sold the most Internet business. MCI management had ready access to the Branch Uniform Commission System ("BUCS") as well as an order tracking database that can generate a list of the MCI sales representatives who sold the most Internet service. The sales representatives who sold the most Internet business could in turn have identified the technical and other sales support employees who were necessary to support their Internet business.

18. MCI could also have evaluated the relative strength or weakness of the sales representatives that they did provide to Cable & Wireless by checking their computerized national rankings as to amount of dollar revenue sold, as well as their performance versus their sales plan.

19. It has been difficult to develop good customer relationships on many of the Internet accounts due to the many billing issues and the inability to obtain contract information, resulting in

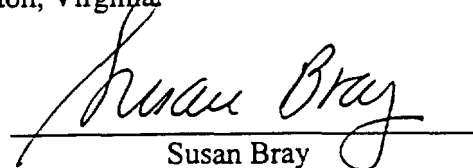
there being very little new business being developed. I spend nearly all of my time compensating for MCI's failure to transfer the information, contracts and personnel necessary to run the business.

20. During the months preceding the sale, MCI stopped countersigning customer contracts. Normally, when a customer ordered service, the customer signed two copies of its contract, which were then sent to MCI's contracting department in Atlanta where they were signed on behalf of MCI and sent back to the client and sales representative responsible for the account. Because the contracts were not being countersigned on behalf of MCI, the customers and their orders were not entered into the database nor did the customers receive a signed contract. Because of this, after the sale, we received phone calls from customers wondering why their service had not been installed, but we had no record of the customer or of its pending orders.

21. The upper management changes that have occurred at Cable & Wireless over the past nine months have had no effect on the sales force and the work we perform in the field.

I declare under penalty of perjury that the foregoing is true and correct.

Executed this 1st day of July 1999 in Arlington, Virginia


Susan Bray

Notarized by Nancy Erin Davis on July 1, 1999
Notary Public for the Commonwealth of Virginia

My Commission Expires October 31, 2002

D

Affidavit of Pierre Scavuzzo

1. I am the Director of Southeast Region National Accounts for Cable & Wireless USA, Inc. I am based in Boca Raton, Florida, and my territory includes Florida, Georgia, Mississippi, Alabama, Louisiana, Kentucky, Tennessee, and North and South Carolina. I previously worked for MCI in Florida from January 1996 until MCI transferred me to Cable & Wireless as part of the sale of MCI's Internet business on September 14, 1998. I also have a Masters Degree in Business Administration ("MBA") in International Business and I have almost completed my doctoral degree in Information Technology. I have personal knowledge of the matters set forth in this affidavit.

2. I began at MCI as an Account Development Manager I with responsibility for small business accounts representing revenues of \$500-2,000 per month. MCI then promoted me to ADM II with responsibility for business accounts representing revenues of \$2,000-5000 per month. MCI then promoted me to ADM III with responsibility for business accounts representing \$5,000-80,000 per month. MCI then promoted me to one of four Division Managers in South Florida, with responsibility for a Division running from Vero Beach to Fort Lauderdale. My understanding is that a principal reason for MCI offering to transfer me to Cable & Wireless was that I had only been a Division Manager for six months and MCI already had numerous sales managers with Internet-related responsibilities in Florida alone, and three times more sales managers in Florida than in most other states when combined with the number of proposed WorldCom managers.

3. MCI disclosed highly confidential and proprietary Internet sales strategy to WorldCom before the MCI/WorldCom acquisition was closed. In late July, 1998, MCI corporate training conducted a sales training meeting at the Hilton Hotel in McLean/Tysons Corner, Virginia with approximately 35 MCI sales management personnel and a person who was introduced midway through the meeting as a human resource representative of WorldCom. In the presence of the WorldCom representative, the MCI Divisional director divulged highly

confidential MCI training and sales strategy, including but not limited to what MCI has found to be the most effective means of appointment setting (*i.e.* getting into an account and developing new business) using MCI Internet service to businesses. The sales training team used examples in appointment setting using the Internet-MCI product portfolio in making appointments.

4. Shortly before the closing of the sale of MCI's Internet business, I saw the list of sales-related personnel whom MCI offered to transfer to Cable & Wireless in connection with the sale. I force-ranked them based upon their performance year-to-date as of that time, according to MCI's Access Success database. The majority of them were ranked in the bottom half of MCI's sales personnel.

5. The list of personnel that MCI offered to transfer was also very short. I was one of only four managers at any level to be offered to Cable & Wireless as part of the sale of MCI's Internet business. Only one other manager came over with me for the entire Eastern seaboard. No sales managers transferred in New York and Atlanta – two of the biggest Internet markets in the United States. In contrast, the previous organization had ten managers of the same accord in the Florida Region alone. Two managers are far short of the number necessary to manage MCI's former Internet business on the Eastern seaboard. At an absolute minimum, there should be one sales manager in every major city.

6. Senior Sales Managers and Sales Managers perform critical functions necessary to operate the Internet business including recruiting and training of new sales representatives, providing guidance for the less experienced sales representatives, providing practical knowledge of what works for an account, and providing a more senior level on sales calls. MCI's sales managers were responsible for training sales representatives about MCI's various Internet services, MCI's Internet network capabilities, selling and entering Internet orders, developing and maintaining relationships with substantial Internet customers, directing and motivating Internet sales activities, and prospecting for new Internet business. In my experience, customers feel more comfortable knowing that the Senior Manager is working with the sales representative. MCI had at least one manager for every ten sales representatives, but only provided four sales

managers to Cable & Wireless to support MCI's entire Internet business. As a result, there were insufficient sales managers to train inexperienced sales representatives. The four sales managers who did transfer were inundated with basic Internet questions from transferring MCI personnel and unable to give substantial customers the attention they demand or to direct sales activities, much less develop a pipeline of new business.

7. The ratio of accounts to sales representatives for my Division at MCI had been 15 or 16 to 1. When I came over to Cable & Wireless, I initially had 350 accounts all by myself, then became responsible for an additional 140 accounts between myself and two sales representatives (only one of whom came over with the transfer, and had no previous Internet sales experience at all) - a ratio of 245 to 1. (I ultimately touched over 700 accounts nationwide.) This is nowhere near the number of sales representatives who are necessary to run the Internet business. It is simply impossible for one sales representative to service all those accounts. I received phone calls from all parts of the country, including many from the Midwest in which no managers whatsoever transitioned. It was logistically impossible to cover the vast territory of customers in the base. The nature of the business requires regular face-to-face meetings, and a sales representative can only do so much travelling all over the country in order to fully service customers. I was very surprised to learn that no management transitioned from Dallas and Chicago. Both of these cities (and especially Dallas) had a considerable amount of Internet business.

8. The list was also very short on necessary sales support personnel. These employees provide necessary technical support both pre-sale and post-sale. Pre-Sale, Technical Service Consultants ("TSCs"), who were integral in pre-design of products and services, attend sales presentations, and answer any and all technical questions regarding provisioning, connectivity, routing, etc. - the vast array of technical questions that sales representatives and managers generally cannot answer. No field technical sales consultant came over with the transfer for the entire Southeast region, whereas I previously had two in my MCI branch office alone, and MCI had 14 for the Southeast region. Only three sales support came over to handle

all Internet contracts for the entire country, whereas I previously had one in my MCI branch office alone and MCI had at least 30 national account service consultants (“NASCs”) to support sales in all aspects of the order procedure. Such sales support personnel are especially necessary given the ultra-technical nature of the iMCI network. MCI had, and transferred to Cable & Wireless, one of – if not the – most technically complicated Internet networks in the United States. As such, it was even more critical that personnel with knowledge of that network transfer to Cable & Wireless to be able to continue to operate it at the levels MCI customers had come to expect.

9. MCI’s failure to transfer sufficient sales and sales support personnel further crippled Cable & Wireless’s ability to operate and grow the Internet business. Sales and sales support representatives are necessary for maintaining business because we provide the first (and usually only) point of contact for customers to resolve the numerous issues that arise daily. Customers call their sales and sales support representatives for all of the basic services that customers demand from their Internet provider – *e.g.*, resolution of billing issues, troubleshooting, circuit upgrades, and account changes. Inability to perform these functions on a timely basis resulted in customer dissatisfaction, loss of business, and loss of credibility. Sales personnel perform these tasks, and many more, that add up to the level of service customers come to expect. Sales and sales support representatives are also responsible for identifying and realizing opportunities for new sales, both with existing customers and with new customers. Furthermore, institutional knowledge about individual customers resides only in the sales and sales support representatives. Familiarity and experience with each customer’s unique business and Internet requirements enhances the sales force’s ability to provide service and to sell additional capacity.

10. MCI also failed to transfer critical Internet customer information. The customer list that MCI provided to Cable & Wireless failed to include between 20 and 30 customers in my Division alone, including Pricewaterhouse Coopers (a strategic account for which we needed to spend three weeks before we could identify the contact). As a result, Cable & Wireless did not

know who all its Internet customers were, and could not know who several of its customers were until they called to complain. Based on my experience, the most knowledgeable and experienced competitors survive. Knowledge about customers and experience about the problems that they face are critical to survive in this Industry. Without even the most basic knowledge of our customers, such as primary decision maker, Cable & Wireless was at a serious disadvantage in the marketplace. Cable & Wireless spent valuable time in the critical few weeks after the sale of the business simply trying to find out who our customers were – information that MCI could have provided on the day of the sale of the Internet business.

11. Even more damaging is MCI's failure to identify the principal business contact for virtually any of its former iMCI business customers. For every one of the Fortune 500 Internet customer accounts that I have personal knowledge of, the customer contact that MCI provided to Cable & Wireless was not a customer at all but a present or former MCI sales employee or sales office. Examples include Equifax, First Union, Wachovia, MTEL, Knight Ridder, Racal Datacom, Harris Computer and Office Depot. In addition, the bills for the majority of these customers went not to the customer but instead to an MCI sales office or sales representative, and were delayed before being forwarded to the customer if they were forwarded at all – causing confusion, ill-will, and massive accounts receivable on C&W's behalf. Other customers for whom MCI failed to provide Cable & Wireless with accurate contact information include Citicorp, Harcourt Brace, Siemens Stromberg, Siemens Power, The Weather Channel, Ikon Network Center, The Coca-Cola Company, Mtel/Skytel Internet, NationsBank, International Paper, Federal Express, and Alpha Owens Corning. It is apparent to me from my experience that the customer list which MCI provided to Cable & Wireless was derived from a materially incomplete database containing stale, one-to-two year old information.

12. Unfortunately this flawed and incomplete database was apparently not only used by MCI to generate the customer contact list and bills but also as the address list for the form letter that MCI ostensibly drafted for their Internet customers announcing that they had been transferred to Cable & Wireless as part of the sale of the Internet business. As a result, MCI's

announcement failed to reach a substantial number of its Internet customers, especially MCI's more substantial customers. Thus, when Cable & Wireless finally contacted our new customers (after wasting valuable time with MCI's inaccurate and incomplete customer information), many of them had no idea that Cable & Wireless was their new Internet provider, wanted to see a contract that permitted assignment (which, in many instances, MCI had not provided to Cable & Wireless), or tried to get out of their contracts. Such an initial phone call with many of our new customers certainly did not begin our relationship on the right foot – almost poisoning it from the beginning.

13. Efforts to obtain the missing information on customers from MCI have been unsuccessful. For example, when we learned that the “contacts” that MCI provided Cable & Wireless for Harcourt Brace and Office Depot were MCI salespeople, we contacted them for the name of the real customer contact. The MCI salespeople refused to provide this vital information. We then had to call general numbers at Harcourt Brace, JM Family Enterprises, and Office Depot (as well as numerous other customers) and ask for our customer contact – all at further delay and harm to Cable & Wireless' image with the customer.

14. When we finally were able to locate and contact principal customer contacts, a number of them stated they had not been contacted by their MCI account representative in the months leading up to MCI's sale of its Internet business.

15. The Internet customer revenue “histories” that MCI provided to Cable & Wireless were so materially inaccurate and incomplete that we quickly learned that we had to make embarrassing phone calls requesting contract, services, and contact information. As a result, the bills were materially wrong for approximately half of my customers. For example, the revenue histories that MCI provided Cable & Wireless for Pricewaterhouse Coopers, First Union, and Wachovia banks were so inaccurate that it has taken six months to correct them. The total number and value of credits that Cable & Wireless has had to issue customers because of these billing errors and other unusual activities by MCI at the time of the Closing far surpass anything in my 20 years of sales experience. Pricewaterhouse Coopers was charged for equipment that

MCI had never installed, and the MCI team never addressed a pending inquiry to resolution prior to the sale of iMCI.

16. A RACF ID is an individual password that is the only way to access MCI databases including Client View, COMS, and NetPro. Without RACF IDs, sales and sales support representatives transferred to Cable & Wireless simply had no access to critical Internet customer information contained in Client View, COMS, and NetPro such as name, contact, circuit IDs, upgrade requests, bills, trouble tickets, etc. Accordingly, in my branch alone in South Florida, each of the 14 sales representatives that I managed at MCI had a RACF ID. Indeed, at MCI, every sales representative and every sales support employee to my knowledge had a RACF ID.

17. Although I transferred from MCI to Cable & Wireless with my MCI RACF ID, it only worked for approximately one week after the sale of the iMCI business. I know from conversations with other sales managers, sales representatives, and technical sales support employees that RACF IDs held by sales and sales support representatives who transferred from MCI to Cable & Wireless with the Internet business stopped working about the same time mine stopped working – around September 21, 1998.

18. I received an e-mail message from MCI on September 16, 1999, informing me that my MCI RACF ID would soon terminate and that I would be issued a new RACF ID to access MCI's Internet-related databases. (Exhibit A). On September 17, 1999, I received an e-mail message from Cable & Wireless providing me with a contact name and number for the MCI help desk if I experienced any problems in using my new RACF ID. (Exhibit B). After my MCI RACF ID expired, I attempted to log on numerous times to a number of different MCI databases with my new Cable & Wireless RACF ID, following the procedures described in the September 16th and 17th e-mail messages. I was unable to log on, however, because MCI's databases would not recognize my MCI-created password. Pursuant to the instructions in the September 17th message, I left several phone messages for MCI's help desk personnel over a period of

approximately four weeks in an attempt to resolve the problems with my new RACF ID. I never received a response from the MCI help desk.

19. In mid to late October 1998, I finally received word that the problems with my RACF ID had been corrected. I soon discovered, however, that I still could not access the information contained in the databases. In October 1998, MCI's databases were configured in such a way that a user was required to enter his RACF ID and password to access each individual MCI database. I attempted to access several MCI databases, including Client View and ContractMCI, and discovered I had absolutely no access to any of the information contained in those databases. Each time I attempted to access an MCI database, I received a message that I did not have permission to access the database.

20. To my knowledge, no sales representatives and very few sales support representatives (one in my entire region, Southeast region) had working RACF IDs from September until March, 1999 (when MCI provided more to sales support personnel only). In Cable & Wireless's entire Southeast Region, the sales and sales support organizations had access to one RACF ID, the one held by Service Consultant ("SC") David Dixon (who is in Memphis). To my knowledge, sales representatives still have not been provided with RACF IDs.

21. Without RACF IDs, Cable & Wireless Internet sales and sales support representatives simply could not perform many business functions necessary to acquire and maintain customers that iMCI Internet sales and sales support representatives could perform prior to the sale of the Internet business to Cable & Wireless. At MCI, for example, when a customer called about problems or questions regarding their Internet service, the sales or sales support representative – while on the phone with the customer – accessed MCI's databases using his/her RACF ID and provided real-time information and real-time troubleshooting immediately to the customer. This ability to provide real-time information and real-time troubleshooting gave Internet customers a level of comfort and confidence in MCI's ability to operate its Internet business. Customers came to expect such service. At Cable & Wireless, however, without RACF IDs from September 1998 through March 1999, the sales and sales support

representatives simply could not provide real-time information and real-time troubleshooting, thereby eroding Cable & Wireless's new customers' confidence in Cable & Wireless's ability to operate its new business.

22. This inability to provide real-time information and real-time troubleshooting was especially devastating to Cable & Wireless for the first few weeks after the sale of the iMCI business. Understandably, customers were calling with numerous questions about the transfer of their Internet service to Cable & Wireless. Yet, Cable & Wireless's sales and sales support representatives – the Cable & Wireless employees who received the bulk of those calls and questions – could not tell customers even the most basic information about their Internet service such as the amount of their last bill. For example, numerous dial-up Internet customers called in September, October, and November, 1998 inquiring about their bills because MCI did not send out bills for those customers until three months after the sale of the Internet business. Without RACF IDs, the sales and sales support representatives could not provide real-time billing information to these customers.

23. Rather, the Cable & Wireless representatives had to tell customers we could not answer their questions but would have to get back to them. After hanging up with the customer, we would call, in my region, David Dixon – who would then use his RACF ID to access MCI's databases. Mr. Dixon was absolutely inundated with requests from sales and sales support representatives from all over the Southeast Region. If we were lucky, Mr. Dixon could get to any given request a few hours after we called him. Because of the amount of calls, however, it was not humanly possible to respond to each request immediately. It was generally the case that we could get back to the customer with an answer a few days later – an unacceptable amount of time for customer service in an industry that requires speed and efficiency to acquire and maintain business.

24. Nor did we receive from MCI *any* original or copy of contracts for any of my customers. We needed copies of contracts to be able to know, first and foremost, whether their contract was assignable – generally one of the first questions dedicated Internet access customers

asked in September and October 1998. Many customers questioned whether they were even under contract if we could not produce a contract to show them, for instance, that the contract could be assigned. We also needed to know the terms of the contract, terms of service, any special provisions, discounts, or billing methods.

25. I requested contracts from MCI on a number of occasions and from numerous offices and representatives. I ultimately received only one contract from MCI, and that was due to a prior relationship established during my tenure at MCI. When I was unable to obtain a copy of a contract, I would call our contract desk, which had access to MCI's contract database. Unfortunately, the information contained in that database was frequently incorrect and very limited. As a result of not getting customer contracts from MCI, I was unable to accurately determine the status of some of my customers' contracts – including Knight Ridder, JM Family Enterprises, Delta Airlines and Office Depot – which MCI's database indicated had expired.

26. It also appears that MCI did not exert best efforts to obtain customer consent to assign contracts where customer consent was required. Auditrade, a division of U.S. Virtual, Inc., indicated in a complaint to my office that no attempt to obtain its required consent to assignment of its contract was made by MCI. Rather, Auditrade complained after the Closing about what it called its “vanished without a word MCI representative” and noted that WorldCom President Bob Hartnett wrote them on October 5 stating, in response to the question whether my MCI WorldCom contract terms will be honored by Cable & Wireless, that” . . . we can not guarantee it . . .” Auditrade refused to consent to assign, declared any contract null and void, and dropped Cable & Wireless.

27. As a further result of this and other contracts not being assigned, we are unable to fix errors in bills without MCI. MCI has failed to do so as well as provide us with the information necessary to make the changes. MCI has made matters worse since we rely on them to correct erroneous billing due to missing promotion codes and incorrectly billed charges that do not mirror proposals. Previous attempts correcting billing errors since the sale of iMCI have taken 90-150 days to remedy.

28. While I was employed at MCI, it was our standard practice to keep copies of our customers' contracts in our customer files for reference. I referred to these contracts on a regular basis. For new customers, I would refer to the contract multiple times until I had memorized the terms and discounts governing the customer's accounts. Once the customer's first bill was processed, I would compare that bill with the contract to make sure that the customer was being billed the proper amounts. In addition, I would frequently refer to a customer's contract when that customer had questions regarding the status of its account, as customer contracts frequently contained information not available in the various MCI databases.

29. I did not bring any copies of my MCI customer files to Cable & Wireless. MCI did not allow me or, to my knowledge anyone else, to take these. MCI also refused to let me transfer to Cable & Wireless with any Internet-related information on my laptop. MCI "reformatted" my laptop prior to the transfer. I explained to MCI that this information was necessary in order to accurately track circuit IDs, customer descriptions, and contract information for Internet customers. I was told that MCI would distribute this information to us once we made the transition to Cable & Wireless.

30. MCI's custom, if not official policy, required sales representatives to compare a customer's written contract against the customer's first bill to confirm that all information, such as discount amount and address, was properly stated. Thus, it was a regular practice for sales representatives to maintain copies of customer contracts in their customer files. It was also important to have contracts on hand since it normally took between two and three months for information contained in a contract to be loaded in MCI's databases, including Client View and Fireworks. In addition, information contained in MCI's databases was frequently incorrect and the customer contract had to be used to determine the definitive terms of the customer's relationship with MCI.

31. After a customer had been with MCI for three or four months, that customer would be transferred from the Account Development Team to the Client Account Management Team. The Client Account Management Team was responsible for retaining customer accounts.

The Client Account Management Team would not accept a customer unless they received all information related to the account, including a copy of the customer's contract. At the end of six months, the client account manager responsible for retention of the account would review the contract and the customer's billing history to ensure that the account was being billed out properly.

32. While I was employed at MCI, one copy of the customer's contract was always to remain in the branch office where the account was managed. Two other copies of the contract, including the signed original, were to be sent to Atlanta pursuant to company policy.

33. MCI's failure to provide customer contracts for all transferred iMCI customers caused serious problems for Cable & Wireless and its new customers. For example, JM Family Enterprises ("JMFE") had special language in its contract with MCI. When JMFE asked Cable & Wireless to upgrade JMFE's service, JMFE asked Cable & Wireless to include the special language in JMFE's old MCI contract into the new contract. Cable & Wireless could not do this because we did not have a copy of the contract.

34. I contacted MCI in an effort to get a copy of JMFE's contract, but MCI failed to respond to my repeated requests. JMFE, which was under considerable time pressure to add additional Internet service, eventually had to contact MCI directly to request a copy of the contract. MCI informed JMFE that they would "show us the contract, but not give us a copy" according to our customer contact. After MCI again refused to provide a copy of the contract, I once again contacted MCI looking for a copy of the contract. In response to these repeated requests from the customer and Cable & Wireless, MCI finally provided a copy of the contract.

35. MCI's handling of the JMFE contract issue cost Cable & Wireless goodwill with JMFE and cost Cable & Wireless opportunities to prospect for other business. I had to spend a great deal of time to rebuild Cable & Wireless's relationship with this customer, and in so doing lost time I could otherwise have spent searching for other business opportunities.

36. MCI's failure to provide contracts and other customer information created problems in Cable & Wireless's relationship with Office Depot. Office Depot refused to pay

Cable & Wireless until Cable & Wireless's bills conformed to MCI's old bills. Because I did not know all of the details regarding MCI's relationship with Office Depot, I asked MCI for copies of Office Depot's contract and copies of old Office Depot bills so that Cable & Wireless could meet Office Depot's demands. Despite repeated requests, MCI failed to provide either the contract or a sample copy of the bill for Office Depot. Ultimately, I had to suffer the embarrassment of obtaining a copy of a sample bill directly from the customer. This is yet another example of a case where I spent a great deal of time compensating for the lack of documentation provided by MCI.

37. Knight-Ridder is one of my customers and I am familiar with Knight-Ridder's Internet service needs. I have obtained most of my information regarding this customer from direct contact with the customer (and from a copy of its contract provided by the customer). Knight Ridder has numerous circuits and numerous bills that are listed under various names, such as "Louisiana Herald," making it difficult to determine from the databases which circuits belong to Knight Ridder.

38. A number of substantial Internet customers have informed us that they began purchasing Internet services from UUNet shortly before the Closing on the basis of a suggestion from their MCI account representatives at that time. These customers include Harris and Harcourt Brace. I was present at the Harris and Harcourt meetings when the customer recounted this suggestion by their MCI account representative.

39. Following MCI's disclosure in the Spring of 1998 of its intention to sell its Internet business, MCI salespeople were also told that they would not be paid commissions on any new iMCI Internet business for any new customers. As a result of this change in normal policy, iMCI sales activities in our branch fell off substantially in the months leading up to the Closing.

40. MCI also appears to have violated its customer non-compete obligations to Cable & Wireless. On March 21st, Tricon Global informed me that UUnet had just sold them Internet retail dedicated access business as well as a managed firewall. I am told that the non-compete

for retail dedicated access remains in effect, and that the non-compete for firewall services did not run out until March 14. In my opinion, UUnet engaged Tricon for firewall services as well as retail dedicated access prior to March 14; that opinion is based on the fact that Tricon stated on March 21st that they had another solution affirmed, and it takes far more than seven days to reach agreement on managed firewall service (not to mention the time for installation, which is 22 business days in the norm).

41. Because of UUnet's solicitation, Tricon planned to cancel its two Cable & Wireless dedicated Internet access circuits. I informed Tricon that they could not contract with UUnet for Internet access circuits because of the non-compete agreement. Ultimately, Tricon dropped its plans to go with UUnet, causing a six month delay in Tricon's implementation of a managed firewall solution by Cable & Wireless. UUnet's actions caused confusion for the customer, damaged Cable & Wireless's relationship with the customer, and cost Cable & Wireless six months of additional revenue from this account.

42. In addition, in mid-June, 1999, Debbie Osborne, an MCI WorldCom Global Account Representative in Boca Raton, Florida telephoned me to discuss Productivity Point International, a Cable & Wireless dedicated Internet access customer who transferred with the sale of the iMCI business. Ms. Osborne called to inquire about cancellation penalties for Productivity Point International ("PPI") because, according to Ms. Osborne, "PPI was moving to Dallas and UUnet was going to take care of them over there." PPI had no Internet services with UUnet before the sale of the iMCI business. I know this because my TSC, Keith Operle, was Ms. Osborne's TSC at MCI. While at MCI, Mr. Operle worked on the PPI account for Ms. Osborne. He verified that PPI had no Internet services with UUnet. I informed Ms. Osborne that the customer should contact me directly to request any changes. Ms. Osborne indicated that she "was acting on their behalf to expedite the downturn of the circuit."

43. I was especially alarmed that while on a customer tour with my technical sales consultant, Pat Chenoweth, Office Depot personnel commented that they were informed by the UUnet team that Cable & Wireless was out of capacity in Florida. Pat Chenoweth, an ex-

Pompano Beach MCI Terminal manager, pointed out the numerous open slots on our Bipp node there, explaining that there are open ports that MCI should be making available to Cable & Wireless.

44. As a result of these and other problems with MCI, Cable & Wireless has lost Internet customers and business. Internet customers in my Division alone whom Cable & Wireless has lost include Equifax, Vanderbilt University, Air Tran, Panasonic, International Paper, PC Systems, Racal Data Comm, Sykes Enterprises, Learning Services, Rogers & Brown, Managed Care and Olympus Computers. Additional Internet customers who were entirely lost because they should have been disconnected before the Closing or were billed by MCI for services that the customer never ordered include Rooms to Go, Ewasko Press and Colamco. Still others who cancelled entirely because they were billed wrong prices by MCI include Prince Bush Investments, Sales & Marketing Technologies, The St. Petersburg Times, Fruit of the Loom, and Full Sail Recorders. Substantial customers have not yet cancelled entirely but have already cancelled substantial Internet service, including First Union.

45. The loss of customers and business in my in territory thus far would have been even much greater if a) I were not almost all of the way to completing my Doctorate in IT (technical education that few if any of the sales personnel whom MCI offered to Cable & Wireless have); b) I did not have pre-existing relationships with many of my customers (which most of the sales personnel whom MCI transferred to Cable & Wireless did not); or c) I was not able to specially hire, apart from the transfer, a number of MCI sales-related personnel who are necessary to run the business, were not offered by MCI, but subsequently asked if they could come to work with me.

46. Despite this very unusual combination of advantages, as a result of MCI's failure to transfer the information, contracts and personnel necessary to run the business, I have had to remain in an entirely reactive mode and have had no time whatsoever for prospecting. As a result, my region's pipeline of new business is empty. In contrast, when I was at MCI, I had the

necessary resources and consistently was able to spend approximately 80% of my time prospecting for new business.

47. MCI provided Cable & Wireless with virtually no senior technical support personnel on the retail dedicated access sales side. In contrast, virtually any global or national account at MCI had between five and twenty dedicated sales support/technical support personnel, including Internet technical support personnel. Senior technical support personnel have the technical knowledge to operate the Internet network, including knowledge of provisioning, connectivity, routing, among numerous other areas of which sales personnel have little knowledge. Technical support personnel lend substantial credibility to Cable & Wireless's ability to operate the Internet network and to deliver high-quality, reliable Internet connectivity.

48. In my experience as a former MCI employee, it would not have been reasonable to limit the number of sales-related personnel that MCI provided Cable & Wireless on the basis of relative Internet revenues to total revenues of the sales force. Rather, MCI should have provided sales personnel based on overall ratio of customers to sales representatives.

49. *First*, Internet has been one of MCI's fastest growing major products and has accounted for a disproportionate amount of new sales for MCI in the three years prior to the divestiture. Internet has clearly been the "hot" segment of the business for MCI customers, especially high technology customers who understand the value of a high quality Internet network. (MCI's network was always ranked at or near the top of Internet networks for performance, according to Boardwatch Magazine.) Internet was also not as costly (relative to the competition) to customers as voice and private line, and carried substantial margins for MCI. Internet has thus been the business by which MCI "got into" new accounts, and was the focus of our sales calls and efforts. Similarly, if Internet sales were not adequately supported, customers would not go to MCI for their voice or other data business. Accordingly, I spent approximately half of my time while at MCI on Internet business.

50. *Second*, MCI had the kind of Internet network that required a relatively high degree of technical support. MCI needed technical sales consultants and the like to advise on the

structure of protocols, type of connections needed, interfaces, routing, equipment, etc., and were therefore an integral part of the sales team and effort. Selling Internet service over a network like MCI's without substantial technical support personnel is akin to trying to run a sophisticated race car without a pit crew. Order entry and provisioning support does not begin to satisfy this need because they generally provide post-sale support, rather than the face-to-face interaction necessary to win new customers and make new sales.

51. *Third*, MCI had sold its voice product for years. It was and is a relatively simple, commodity product that most customers recognize and understand. It did not require nearly as much technical support as Internet. Yet, MCI's prices for its commodity voice product were high relative to the competition, thereby making it even less of a focus of sales efforts.

52. MCI could objectively and more fairly have identified the sales employees who were most necessary to support the Internet business by running a readily available computer printout of the salespeople who sold the most Internet business and/or running a printout or consulting MCI's Intranet at the time for the national sales rankings of its sales force. MCI did not do this. Instead, as previously mentioned, MCI chose the overwhelming majority of its salespeople to be transferred from the bottom quartile of MCI's national rankings based on the forced rankings retrieved from MCI's own "Access Success" intranet website as of July, 1998.

53. With respect to the geographic distribution of the relatively few sales personnel that MCI did provide to Cable & Wireless, MCI provided two representatives in Florida and none in Dallas even though Dallas was four times as large an Internet business market for MCI as Miami. In addition, the few sales-related personnel that MCI provided to Cable & Wireless were disproportionately in the Southeast, which also did not match the footprint of MCI's pre-divestiture Internet business.

54. MCI did not run its Internet business in the ordinary course prior to closing, and MCI was not forthcoming to Cable & Wireless as to all the employees necessary to support the iMCI business. Once MCI identified me as a transferee to Cable & Wireless, MCI Regional Sales Manager Bill Warnke told me to stop work on August 1, go home, and not talk to anyone

about the resources necessary for MCI to support its Internet business. At that point, I was unable to support my team for Internet sales, which overburdened the other sales manager and ultimately harmed the success of Internet sales in South Florida.

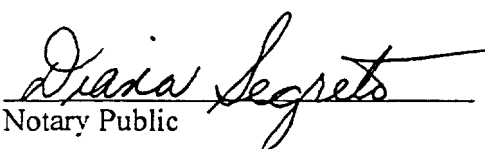
55. In the months leading up to the sale of the Internet business, no one at MCI ever contacted me about providing lists that either myself or my sales representatives maintained of prospects for new Internet business. Because no one at MCI ever asked for prospect list, I did not provide such a list to MCI or Cable & Wireless. Based on my experience as a sales representative and then as a sales manager, every single sales employee – regardless of title as manager or sales representative – keeps such a list in one form or another.

I declare under penalty of perjury that the foregoing is true and correct.

Executed on September 20, 1999.


Pierre Scavuzzo

Subscribed and sworn before me this
20 day of September, 1999:


Notary Public



Diana Segreto
My Commission CC858783
Expires July 27, 2003

Scavuzzo, Pierre

From: racf-security@mci.com
Sent: Wednesday, September 16, 1998 12:11 PM
To: pierre.scavuzzo@mci.com
Subject: New Cable and Wireless RACF ID

Your current MCI RACF ID will expire on the morning of Thursday, September 17th at 12:00 a.m. You will then need to use your new Cable and Wireless RACF ID stated below. Your new password will be the first 8 digits of your social security number, then you will be prompted to change it.

Your new Cable and Wireless RACF ID is: CWPJSX

Scavuzzo, Pierre

From: Barberia, Elizabeth [Elizabeth.Barberia@CWUSA.COM]
Sent: Thursday, September 17, 1998 10:15 AM
To: Hempenius, Howard; Savino, David; 'catoe@cw.net'; Alan Filer; Amy Almirantes; Annette Hellmich; Barbara Ziegelmeier; Beverly Armstrong; Callie Stallings; Cherie Persse; Christopher Brazle; Christopher Koch; Cori Strickland; David Brandt; David Dixon; Deborah Burton; Helen Moulder; James Johnson; Jeffrey Beske; Jeffrey Boswell; John Lovelady; Kenneth Phelan; Linda O'Hara; Machele Janicek; Margaritis Karapelou; Marilyn Gonzalez; Marjorie Gelfand; Mark Weitzel; Matthew Wilson; Michael Lalioff; Miguel Rios; Philip Geier; Philip Worsdell; Pierre Scavuzzo; Robert Scarboro; Roderick Belle; Sally Seagraves; Scott Johnson; Susan Bray; Terry Stageberg; Todd Brown; Todd Minch; Valentina Vincenzi; Vicki Wroblewski
Cc: Barnicle, Nora; Esposito, Cheryl; Dupree, Jeffery; Aiss, Warren; Casey, Kevin; Ford, Christopher; Blumberg, Denise; Phillips, John; Robinson, Lynn; Nichols, Jay; Nguyen, My-Chau; Ayers, Robert; Martin, James
Subject: FW: MCI Systems Access
Importance: High

NOTE BELOW INFORMATION ON ACCESS TO MCI SYSTEMS. PLEASE DISTRIBUTE TO APPROPRIATE PERSONNEL.

- > At the close of business today, all former MCI employees who have
- > transferred
- > to Cable and Wireless will be re-classified for internal MCIWorldcom
- > systems purposes.
- >
- > Accompanying this process, you will be assigned new Cable and Wireless
- > IDs on September 17th that will permit special access to MCIWorldCom
- > internal systems. Access will be limited to systems related to
- > Internet
- > business and you will only be granted access specific to your position
- > requirements, as determined by your former manager.
- >
- > If you are denied access to systems you believe you should have access
- > to, help desk hotlines are available to assist you. If you are a
- > former
- > Mass Markets employee, you may call the National Help Desk at
- > 1-800-673-4357.
- > All other employees should contact Athena Dratelis at 202-887- 2466
- > to resolve any problems, including re-authorization to any systems
- > access,
- > where appropriate.
- >
- > If you have been denied access to a system that you believe is
- > necessary to perform your duties with Cable & Wireless, and the Help
- > Desk cannot resolve the issue, please contact Elizabeth Barberia for
- > assistance. Please send me an e-mail justifying why you need access to
- > that system.
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